



DEPARTMENT OF THE ARMY  
HEADQUARTERS, MILITARY TRAFFIC MANAGEMENT COMMAND  
200 STOVALL STREET  
ALEXANDRIA VA 22332-5000



Personal Property Division

29 MAY 2001

Ladies and Gentlemen:

As my tour of duty as Deputy Chief of Staff for Passenger and Personal Property comes to an end I want to share a few thoughts with you. In doing so, I hope, in a small way, to reinforce a change in the internal and external business culture of the Department of Defense (DOD) Personal Property Program that I believe has begun. I'd be remiss if I did not begin by acknowledging the moving industry's willingness to work with us as we work to rehabilitate our program and processes.

Two events clearly stand out that I must address. The first is the number of international household goods forwarders that have gone out of business over the past two years. When at least 15 carriers closed their doors because of financial and/or operational difficulties, over 2,000 shipments became frustrated in the pipeline, causing great inconvenience and hardship to many of our service members and their families. These service failures also resulted in significant procurement and administrative costs to the DOD. These failures left many agents and subcontractors that provided the transportation assets required to physically transport DOD shipments with unpaid bills for services rendered. Needless to say, when carriers fail to perform, everyone loses.

The second event is the Qui Tam (Whistleblower) lawsuit filed in Federal District Court alleging violation of Military Traffic Management Command's (MTMC) Common Financial and Administrative Control (CFAC) program. The lawsuit confirmed what many have believed for a long time; that is, some participants were not playing by the rules. As a result of the settlement of the lawsuit, six companies, found in violation of CFAC guidelines, were permanently excluded from participation in the DOD Personal Property Program. The saddest part of this story is the deceit these carriers perpetrated on the Government. International CFAC rules are simple and are in place to provide a level playing field upon which carriers are expected to perform. Commonly controlled carriers must acknowledge the relationship and refrain from competing for the same code of service in the same lane of traffic. To enforce CFAC, thus ensuring fair competition, risk management, and effective discipline within the Program, MTMC must know whom it is doing business with. Most importantly, MTMC must trust that the certifications it receives are honest and accurate. However, when dishonest is discovered, it must be dealt with through proper administrative and/or judicial processes. To ignore it would be unfair to those who play by the rules.

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Because of these events I determined it appropriate to reestablish a high level of confidence with all DOD-approved international carriers. To do that, starting last October, I asked all participating international forwarders to provide updated certified financial statements. As a result of Dun & Bradstreet and MTMC in-house auditor reviews of those financial statements, a certain number of carriers were judged to be "High Risk." These carriers were then given an opportunity to respond to the financial analysis. After further review, those still considered "High Risk" were invited to al Carrier Review Board (CRB) to determine whether or not they should remain in the Program. The purpose of this entire exercise has been to validate the financial responsibility and operational capability of those carriers remaining in the Program. This validation will, in turn, strengthen the carrier base and increase the confidence of both shipper and agents.

Given all that has happened in the past year, you may ask, where are we now and where are we going? From my perspective, we are starting to change the culture for both the Government and Industry. We must raise the quality bar across the board to make this happen. For the past seven years, we have been searching for better solutions to the current system of moving personal property. In that time, participating carriers, domestic and international, have moved over 4 million shipments. Conscientious and dedicated carriers and agents make it happen. For your good work, I thank you and challenge you to build on your successes and do an even better job for our superb men and women in uniform defending this great Nation in the years ahead.

That said, I couldn't overlook the fact that MTMC must work hand in hand with industry to make this Program a resounding success. We must work harder to dispel common perceptions that MTMC is non-responsive, MTMC is non-supportive and MTMC allows carriers to steal, cheat, provide bad service and get away with it without penalty. We must improve our internal business processes to enable us to quickly identify problems and trouble spots before they become unmanageable. We must be more sensitive and responsive when dealing with carrier and/or agent problems. We must re-instill a sense of cooperation and trust in the Program and realize we are dealing with professionals who want to give DOD folks the same kind of service they would want for their families and themselves. And, with your help and that of your agents, we will.

As I pass the reins of the Program to Colonel (select) Patty Hunt, U.S. Air Force, I ask for your help in continuing the change in culture and accepting a higher level of responsibility in all aspects of our Program. Our goals must be to provide on time performance with minimal or no loss/damage and at reasonable rates. I welcome your ideas and I invite your input, directly or through your trade associations. The road ahead is not going to be easy, but if we do our best, we will make a difference.

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Again, thank you for your service and for your support and cooperation during my tour of duty. It has been quite a challenging and rewarding experience. You made that possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nonie C. Cabana', with a long, sweeping horizontal line extending to the right.

Nonie C. Cabana  
Colonel, U.S. Air Force  
Deputy Chief of Staff for Passenger  
and Personal Property

Copy Furnished:

American Moving & Storage Association

Household Goods Forwarders Association of America, Incorporated